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Allen-Scott Report**IRS Probes
Bobby Baker****By ROBERT S. ALLEN
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Mr. Allen

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While the Senate is noisily embroiled in bitter partisan wrangling over the continuance of the sensational Bobby Baker investigation, the Internal Revenue Service is quietly expanding its probing of his multifarious financial operations.

At IRS request, the Senate Democratic Campaign Committee has turned over its files on campaign contributions and disbursements for the years 1953-63, when Baker was secretary of the majority.

During this seven-year period, he played an important backstage role in the committee's far-flung political operations. It was common knowledge in Democratic circles, especially among senatorial candidates, that Baker received and disbursed large sums of campaign contributions.

For example: At the height of the tense 1962 congressional elections, he visited a number of states as the campaign committee's representative to determine how much financial aid would be given the Democratic senatorial candidates.

Senator George Smathers, Fla., who the investigation has disclosed had business ties with Baker, was then committee chairman.

The decision to make the committee's records available to the Revenue Service was made by Senator Warren Magnuson, Wash., current chairman. He reached this determination in response to the IRS' explanation that it wanted these financial files to check them against Baker's income tax returns.

It was the IRS angle that brought to the Senate Rules Committee the dynamite-loaded affidavit from accountant Milton Hauff charging his name had been forged on some of Baker's returns.

The IRS probe is particularly significant, as the Democratic members of the investigating committee have hotly opposed Republican demands for a full airing of Baker's tax reports. The Democrats have contended this is outside the committee's scope — an interpretation strenuously challenged by the GOP.

Meanwhile, Senator John Williams, R-Del., veteran "one-man investigating committee, whose charges precipitated the Baker probe, is conducting his own inquiry into the latter's handling of campaign funds.

Williams has an affidavit that Baker conferred with a top Teamster official during the 1960 pre-convention contest. From other sources, Williams has information that Baker received sizable Teamster contributions during this period — when Baker was very active

for then-Senate Democratic Leader Lyndon Johnson.

Also in Senator Williams' possession are documented reports that Baker conferred in New York City with the late President Kennedy at the height of his fall campaign for the White House, and allegedly turned over a large amount of money.

If the investigating committee refuses to go into these matters, it is Williams' intention to air them in detail in a Senate speech.

A key issue behind the stormy partisan clashing over continuance of the probe is the strong Republican suspicion that a number of high-placed officials made big profits by buying shares of the Mortgage & Guaranty Insurance Co., Milwaukee, at bargain basement prices. The probe has disclosed that Baker made a killing in "MAGIC" speculation.

Potently reinforcing the GOP belief is the vehemence of the Democrats' hostility to digging into the affairs of "MAGIC." They have violently fought that.

The Republicans have unavailingly sought the list of the company's stockholders. The Democrats contend this is not pertinent to an investigation of Baker's activities.

The GOP has information that at least four senators and certain high administration officials were let in on the lush "MAGIC" melon.

Neither side has mentioned any names. But a significant discussion of this backstage bombshell occurred during one of the hot Senate clashes over the investigation. Highlights of this unnoticed exchange are as follows:

Senator Frank Lausche, D, Ohio: "As I understand it, some members of the committee want the records of 'MAGIC' brought in so as to be able to trace the orders issuing stock and the sources of such stock." "That is correct."

Lausche: "Is it the belief of some members of the committee that stock was issued to others than those identified in testimony before the committee?"

Scott: "Yes. There is evidence in the testimony which indicates that this company was to issue some \$700,000 worth of stock to persons who could be helpful in its development, and that this stock would be issued at less than the market value. The committee has been able to unearth the issuance of between \$100,000 and \$200,000 of the stock, but as to more than \$500,000 worth of the stock we know nothing. We believe it was issued, but we have no proof. We have not had the opportunity to learn the facts."